



CABLE & WIRELESS, INC.

NOTED 11/17/97

Cable & Wireless, Inc
8219 Leesburg Pike
Vienna
Virginia 22182

Telephone: (703) 790-5300

April 30, 1997

EX PARTE

EX PARTE OR LATE FILED

Mr. William Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, D.C. 20554

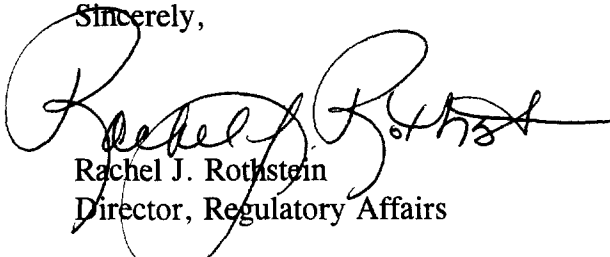
RECEIVED
APR 30 1997
Federal Communications Commission
Official Mailbox

Re: CC Docket Nos. 96-45/and 96-262

Dear Mr. Caton:

On behalf of Cable & Wireless, Inc., attached please find a copy of a letter sent to Chairman Reed Hundt and Commissioners Quello, Chong, and Ness concerning the above-referenced dockets. We request that the attached be made part of the official record in this proceeding.

Sincerely,


Rachel J. Rothstein
Director, Regulatory Affairs

No. of Copies rec'd _____
List A B C D E

023



CABLE & WIRELESS, INC.

Cable & Wireless, Inc
8219 Leesburg Pike
Vienna
Virginia 22182

Telephone: (703) 760-3897
Fax: (703) 848-0748

Kenneth J. Wees
General Counsel

April 30, 1997

Chairman Reed Hundt
Commissioner James H. Quello
Commissioner Rachelle Chong
Commissioner Susan Ness
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Chairman Hundt and Commissioners:

Cable & Wireless, Inc. ("CWI") continues to applaud the Commission in its work on access charge reform and universal service. The work which has been accomplished to date in CC Docket 96-262 will have a significant impact on ensuring the Commission's goal of affordable telecommunications services for all U.S. consumers. Recently, a number of proposals have been circulated to the Commission expressing various solutions to the Commission's access charge reform proposal including the Department of Justice, the National Telecommunications and Information Administration (NTIA) the Coalition for Access and Universal Service Reform and CompTel. CWI believes that these proposals contains several significant suggestions which will assist the Commission in accomplishing its access charge goals.

Specifically, CWI urges the Commission to support the following proposals:

- **Restructure of access rates to ensure that the underlying costs of access are recovered in a manner consistent with the way the costs are incurred;**

Non traffic sensitive costs should be recovered through flat rated pricing. However, the Commission must be careful to ensure that all users pay their fair share for access the public switched telephone network. Unfair discrimination and subsidization between certain classes of customers in inconsistent with Congressional intent and will create unreasonable pricing distortions in the marketplace. Moreover, business customers already pay a disproportionate

share of their access costs through higher SLCs. Therefore, a significant differential in access pricing for these customers would unfairly burden this class of users.

- **Denial of pricing flexibility for access services until the access prices are at or near TSLRIC;**

In its *Local Competition* docket, the Commission properly concluded that TELRIC was the appropriate methodology for pricing unbundled network elements. CWI believes that TSLRIC is also the appropriate methodology for developing proper access charges. Once TSLRIC-based access rates are established, the Commission should develop a five year mechanism to transition access charges from their current rates to appropriate TSLRIC levels.

- **Accomplishment of an immediate reduction in access charges through reinitialization of interstate access rates to yield a return of 11.25% and increasing the productivity adjustment to 7.5%;**
- **Continuation of the current local transport rate structure;**

Current Commission rules allow LECs to offer both the Unitary and Partitioned local transport rate options. This allows individual carriers to choose the option which best meets their business needs. A decision to eliminate the Unitary transport structure will have a severe and negative impact on small interexchange carriers.

- **Transitional elimination of the TIC;**

The Commission should adopt a transition to eliminate the TIC. The Commission must ensure, however, that the LECs do not attempt to recover these charges through an increase in the tandem switching rate. Increasing the tandem switching rate will disproportionately harm smaller carriers and carriers seeking to enter the market.

Only proper access charge reform will produce significant cost savings for all consumers and foster the development of competition in the local telecommunications market. CWI urges the Commission to carefully consider the points contained herein.

Sincerely,



Kenneth J. Wees
General Counsel